

GeTtin' SALTy Podcast – Episode 77

- Speaker 1: This podcast episode reflects the opinions of the hosts and guests and not of Greenberg Traurig, LLP. This episode is presented for informational purposes only and it is not intended to be construed or used as general legal advice nor a solicitation of any type.
- Keith Richardson: It's funny, I think about the E.F. Hutton commercial, when someone speaks, everyone's listening.
- Nikki Dobay: Yeah.
- Keith Richardson: And I think about that with Helen Hecht and Bruce Fort and Brian Hamer, when they speak, [00:00:30] everyone's listening.
- Nikki Dobay: Hello and welcome to GeTtin' SALTy, a state and local tax policy podcast hosted by Greenberg Traurig. My name is Nikki Dobey, shareholder in the Portland, Oregon and Sacramento, California offices. I am so excited today to be joined by Keith Richardson, executive director of the Multistate Tax Commission.
- Keith Richardson: Thank you for having me this afternoon, Nikki.
- Nikki Dobay: So, Keith, our paths have crossed for [00:01:00] a while and I was very excited when it was announced that you would be the new executive director of the MTC, Multistate Tax Commission, and so I feel like this conversation is long overdue and I'm really excited to get into more about your background. So, to start off as a new person to the podcast, I assume this won't be your last podcast on GeTtin' SALTy, I like to understand how you got into SALT or tax. [00:01:30] And so, how did you make your way to this crazy SALT world?
- Keith Richardson: Great question. I got into the SALT world, really, back in 2003. One of my mentors was the revenue commissioner of former Mayor Edward Rendell when he was the mayor here in Philadelphia and then he became governor of Pennsylvania back in 2003. And as he was in charge of the finance committee, he asked me would I have an interest on working for Governor Rendell [00:02:00] and working in the Department of Revenue. I said, "Sure, I would love the opportunity," and I had a chance to go up, meet with Secretary Fight at the time and I became the new director of compliance for the Department of Revenue and, from there, I got more deeper into the world of state and local taxes.
- I had some prior experience as a commercial lender in my banking days working for Mid-Atlantic [00:02:30] and PNC during a merger period from '93 to '96 and then I was one of the founders of the North Philadelphia Financial Partnership which was the first lending institution in the empowerment zones that we created under Clinton administration.
- Nikki Dobay: Okay.

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- Keith Richardson: So, I always had tax returns in front of me from corporations and individuals even in the banking world as well so I always had a touch on what was going on but not more in depth that I am today in state and local taxes.
- Nikki Dobay: [00:03:00] And so, the first role you had overseeing in administration, that was with the city of Philadelphia?
- Keith Richardson: Yes.
- Nikki Dobay: Okay.
- Keith Richardson: In 2008, I became the revenue commissioner under then Mayor Michael Nutter. I did that role overseeing the Department of Revenue from 2008 until May of 2013.
- Nikki Dobay: All right. And then that's when you moved to DC to the Office of Tax and Revenue?
- Keith Richardson: No. Actually, I took a hiatus-
- Nikki Dobay: Okay.
- Keith Richardson: ... during that timeframe. [00:03:30] In March of 2013, I actually was interviewing for the CFO's role for the School District of Pittsburgh and also the housing authority, their president called me about coming on board to be the director and partner or the managing partner for their housing development corporation. So, I took that job, I was really interested in going back to Pittsburgh where I went to school, Duquesne, but the housing authority job came up so I took that. I did that for two and [00:04:00] a half, three years and then someone called me about the DC opportunity when Steve Cordy was retiring.
- Nikki Dobay: All right. So, how have those roles in Philly and DC really prepared you or gotten you ready for this role as the executive director at the MTC?
- Keith Richardson: I would say the two roles in city, county government and with DC being a [00:04:30] city, state and a county all wrapped into one, you're entrenched in understanding the 18 or 21 various tax types, having working relationships with the state and local tax community practitioners in the areas as well. What happened in Philadelphia and what I did in DC, we created a tax advisory board. So, we had an opportunity to invite some of the local practitioners, [00:05:00] members of AICPA, members of the SALT community and the legal side as well to be a part of this organization that we would have strictly voluntary but they gave me more opportunity to understand at a high level their thoughts and feelings about what is going on, having relationships with them as well to share, especially in Philadelphia, here's some tax legislation we're looking at, what are your thoughts and feedback on it.

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And D.C. is a little bit different because, again, in DC, we don't set [00:05:30] policy, we only implement what the elected officials have set in front of us so it's a different animal. But there was an opportunity that way to get more into an understanding of state and local, what the practitioners are looking for, developing relationships which is key and critical, I think, at MTC as well to build upon. Again, for me, I think, when you're the head of a department, you can't be in the weeds every day, it's about what you are as [00:06:00] the leader and setting priorities and goals for the organization is most important.

Nikki Dobay: Well, first I just want to commend you on creating an advisory board. I've pitched that to several departments out here in the Western states and, the states that have them, they just seem like a great resource both for the agency as well as the local practitioners. So, when I was at COST, I served on [00:06:30] the advisory boards for the franchise tax board in California as well as the CDTFA and, again, just being able to have those conversations was really helpful and I do think that the MTC does a great job of welcoming practitioner and business input and we'll probably get into that a little bit later. So, I just can't say enough about advisory boards that I hope the folks listening on the agency side will take that to heart and, if they don't have [00:07:00] one, think about it.

And then teeing off of your last statement because I think you had a wonderful segue to my next question, how has it been? And you've only been at the MTC a few months, I think, is it been three months now?

Keith Richardson: It's going on three months. I started March 16th, not that I'm keeping track.

Nikki Dobay: Okay, okay. So, yes, but how has it been really going from that day to day [00:07:30] being in the weeds on the administration and, even as the executive director, yes, you're managing it all but I'm sure, from time to time, you still have to jump back in down into the details and then going to this organization that really has a national role and is trying to direct a national conversation on many issues. And I'm sure the transition will take longer than this three months but how has that been from your perspective?

Keith Richardson: To be honest [00:08:00] with you, I think the transition has been wonderful.

Nikki Dobay: Wonderful.

Keith Richardson: I say this publicly to the team and I say even to you on a national level, I think we have the best, I believe, nine or 10 attorneys across the United States that I would put up against anybody in the world of state and local tax around uniformity, nexus, litigation matters. I think they are a amazing, [00:08:30] great group of people and they hold the organization up and I'm happy and excited to be here taking the baton from Greg and, as you said, I'm not going to know everything in three months.

Nikki Dobay: Right.

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- Keith Richardson: Like running an administration, it may take up to 18 months to really get an understanding of what goes on in an organization but I'm truly blessed to have some amazing, great professionals that I truly [00:09:00] look up to and know that they have the interests of MTC and, most importantly, a different dynamic, our clients. The states and the local governments like Philadelphia are our clients and we have to make sure we uphold what we say we will do for them because we're accountable to them.
- Nikki Dobay: And so, for folks that don't know what the Multistate Tax Commission is, and it's hard to believe those listening to this podcast [00:09:30] won't know but let's pretend we're getting some new listeners this week, how do you describe the mission and the purpose of the MTC?
- Keith Richardson: Sure. Well, I think, again, as we embark on our 59 years of organization, it's the MTC's mission as an intergovernmental agency is always making sure we're promoting uniformity and consistency in tax policy and administration for all the states. We want to make sure that [00:10:00] we assist taxpayers to make sure they're achieving compliance, that's what our nexus programs help them do with all the states that are part of our programs as well. And we always are advocating for our clients, the states and local taxing authorities, regarding on tax policy on current, today tax policy matters that are being legislated across the United States.
- Nikki Dobay: And so, for the upcoming year, [00:10:30] do you have any specific goals for the MTC as you set forth on your new journey or will it be the current projects that are going on and what we've been ... I participate very heavily with the MTC so I usually have a pretty good sense of what you all have happening but, from your sense, what does the next year or so look like?
- Keith Richardson: Good question. I think we have some projects, [00:11:00] as you know, that we're working on, the broadcasting rules, partnerships are always going to be something up and coming and big but what I like to see us do really is, one, continue to push our training that we have in person or virtual trainings for state practitioners. Again, we have topics ranging from a deep dive into corporate income tax or statistical sampling so we're working and try to reach in a broader audience on that. We're looking at things [00:11:30] dealing with artificial intelligence, how they may have an impact on the different state agencies and what we do and how we do business. So, those are some things I want to make sure we continue to look at.
- As I'm coming into the role and learning and engaging more about MTC, I want to be forward thinking. I want to think about what will the future look like for us. I want us to make sure that we always continue to strive to be a best in class organization [00:12:00] and looking to attract the best talent. When I say that, I think about it strategically we have to prepare because people may be leaving soon to go to retirement, other organizations so how do we look at creating an environment where we can make sure we have the right policies and

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procedures in place, job descriptions are accurate and even information from IT, finances [00:12:30] and things so everything's documented just to mitigate any potential risk that could [inaudible 00:12:35] from our direction.

So, I want us to be prepared for that but prepared also to start looking about who are the best in class individuals who want to come work with us and I don't want to fill a seat just to keep it warm. If it takes time, if it takes us six months, nine months to get a Nikki Dobay coming to work for us, let's do that, I don't want to just grab somebody. [inaudible 00:12:58], Nikki-

Nikki Dobay: Right. [00:13:00] Okay, noted.

Keith Richardson: ... if you can work remotely from where you are. But I want us to make sure that we're doing that as we move forward. Again, I think the world of the Joe Huddlestons and, definitely, the Greg Madisons of the world who parachuted this organization to be where it is today, I just want to continue to carry the mantle and make sure that we still are very relevant to states as well but I want to make sure our house is in order as we look to go into the next [00:13:30] chapter of things because, before you blink, we'll be 60 years next year.

Nikki Dobay: Yes, time does keep trucking along. And I also want to just give a big shout-out to the attorneys and the staff at the MTC, we may not always agree on the position or the final answer or what the words of the law say but we always have the conversation in a really in depth and civil way and so I've learned so much from just [00:14:00] my participation when I started at COST and continuing now and I will say I always encourage the younger lawyers that I work with that ... Just start dialling into the meetings and listening because, the first six months, you might only understand a third or a quarter of what they're saying but, the longer you listen to the conversation and start to understand where the states are also coming from, it just really helps you to understand the state and local tax [00:14:30] world on a much more sophisticated level.

Keith Richardson: I agree with you. It's funny, I think about the E.F. Hutton commercial, when someone speaks, everyone's listening-

Nikki Dobay: Yeah.

Keith Richardson: ... and I think about that with Helen Hecht and Bruce Fort and Brian Hamer, when they speak, everyone's listening and it's a lot of great information that you can gather from those talented attorneys when they speak at the conferences and, hopefully, one day they're here also [00:15:00] talking with you and your community as well. And that's one other thing we want to get into in the future too is getting back to probably writing some more articles that we can publicize as well. Again, I think we have some things that are in the works for the future that we'll have to get out and published.

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- Nikki Dobay: And one thing in particular because of your background with Philadelphia and this is ... I don't want to say it's a ... It's been a particular issue [00:15:30] for me because I've worked with a lot of clients that have a lot of compliance issues at the local level and one thing that's been challenging, I would say, is often practitioners, business will try to come to the MTC and perhaps voice some of those challenges but it is understandable that most of the folks that participate are from the states and the administrators don't generally have authority over the locals [00:16:00] to a great extent. With your background in local government or local administration, do you see more local jurisdictions getting involved with the MTC? I would say, from our perspective, that would be very welcome and so just throwing that out there.
- Keith Richardson: Well, I'm hoping, as part of my role, I want to engage more with local jurisdictions. When I was the board chair [00:16:30] for MTC during the pandemic years, Greg and I talked about trying to look at bringing on more state and local governments and that's what I would like to do. I like to converse and talk with the folks in New York City, Seattle, reach out to leadership in Cook County in Chicago, San Francisco as well because they do set their own tax policy around different tax types and then there's some places that [00:17:00] even have impacts on sales tax as well and then we have that sales tax component as part of our audit team. But I would like to have those conversations and meet with those individuals because, again, I don't think a lot of them know what MTC stands for and what we do and how we could have a potential positive impact for them.
- Nikki Dobay: Yeah, I think that would be wonderful. I also think what we see often is maybe just a lack of knowledge about [00:17:30] how some of the broader uniformity efforts are playing out and why that's so important especially in this post-Wayfair world that we live in where, as I often say, you can expect the multistate business to be on top of the laws within the 50 states but where it really starts to get difficult is when you layer on thousands of local jurisdictions. And just an example is [00:18:00] in the lodging space where the MTC had done some work several years ago and created some uniform models but then getting the local governments to also be on board and perhaps use those models has been much more difficult. So, I would say anything that the practitioner community can do as well to help broaden the circle, I think, would be greatly appreciated.
- Keith Richardson: [00:18:30] Well, I look forward to working with the practitioners. As I said, I want to start branching out to those jurisdictions in the near future, that's part of my plan as well.
- Nikki Dobay: Awesome. Well, shifting gears a little bit to more policy and administration issues. From your perspective, what are some of the big issues that are really impacting the state and local administrators in the current day? And that's a bit of a question so [00:19:00] we don't have to run everything down but are there a couple that, hopefully, they're not keeping you up at night?

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Keith Richardson: Well, one, thankfully, I don't stay up much at night as I did before working in DC.

Nikki Dobay: Okay, okay.

Keith Richardson: Sorry, DC. But I think as we move forward, how things are going right now, I think the sales tax on digital goods, I think, is always going to be still relevant until a decision [00:19:30] is made on that. Now, with state of Washington bringing in the millionaires tax a couple of months ago, we don't know what's going to happen with that, it's going to be taken to the courts or not litigated but I'm pretty sure other states are going to be looking at that as well.

And now you're looking at the prediction markets as well, that's something ... Kentucky is the first state to approve legislation on it but I'm pretty sure others are looking at it and, [00:20:00] again, we don't know how things are going to move forward with potential litigation or not. But I think things like that are out there in the air and everyone's going to be sitting, waiting to see what happens before they move forward with possible tax policy around that and their budgets because, again, I'm pretty sure it would be some revenue especially for the first three years on programs like that.

So, those are the things that we have to keep our eye out on as we [00:20:30] move forward and be prepared to help states out with training and anything we can do around uniformity with those matters as well.

Nikki Dobay: Yeah. One thing I spend a lot of time in the legislative space where I work is trying to reign in some of the policymakers from coming up with new and interesting and creative tax ideas because, as you know from the administration side and [00:21:00] the folks that participate from the states know, it's one thing to have to implement a new program in your state from the business perspective if the states start copycatting it but not exactly the same way, it leads to a lot of compliance challenges when they're just trying to figure out what they need to pay and how to do that. And so, the creative ideas are always [00:21:30] the most challenging, I would say, from the business perspective as well.

So, Keith, what would you like to see from the business community with respect to engagement at the MTC? So, I do think there's a fair amount of folks that do come to the meetings and participate and engage but what would you like the practitioners or the folks in the business side to know about engaging and how they can be very impactful there?

Keith Richardson: Yeah, that's a good question [00:22:00] and ... I follow a model right now closely what the Southeastern states are doing, SETA, and I know they have a council of all the businesses entities primarily in their jurisdictions and they meet with them during their annual SETA meeting and they have another meeting, I believe, in November or so in Northern Virginia and the DC area. Is that something worthwhile looking at for MTC? Is [00:22:30] it something that

maybe is done in a regional area that MTC is involved in? I think we have to engage, not just with our clients, but with the business councils or community to see what their concerns are and try to figure them out and address them as well. We can't shun them, we're here to speak to any and everybody because we have to be open that way and, again, we want everyone to [00:23:00] come into compliance when there's a need.

But that's something I'm really thinking about, how do we engage the business community. As you said, some of the multistate businesses do come to our meetings, I'm pretty sure they'll come to our annual meeting in Detroit in July. And a lot of times, what they hear they may not share with their partners or competitors and industry but I would like to see how we can get more of the message out [00:23:30] to them and create and develop a ongoing relationship for the future with them.

Nikki Dobay: Yeah. Well, again, I've been participating with the MTC since I started when I was at COST and it is now just a regular part of my year getting those meetings on the calendar and trying to be in person at as many of them as I can and I do really think ... I just can't recommend it enough to others. I [00:24:00] will say, one time I asked if I could vote on something and no one would let me vote on something at the meeting but I did ask. I think they knew which way my vote was going to go.

Well, Keith, any final thoughts before ... We get to the most fun, the surprise non-tax question but any final thoughts about the MTC or anything else in the tax world?

Keith Richardson: Well, I would definitely say to those that [00:24:30] are listening, have questions or concerns or want to know more about the MTC, please go to our website mtc.gov, call us at (202) 650-0300 as well. We are, again, an intergovernmental agency, our clients are the state and local governments, however, we are here to hear from the practitioners and the business community as well.

Nikki Dobay: [00:25:00] Well, and I will also give your website a shout-out because I use it several times a week. It has a wealth of information, all of the uniformity projects are up there and you guys have a great archive of almost everything you've worked on as far as I can see for the past several decades. So, I just would really encourage folks, if you're ever on the hunt for something, it's a great place to sometimes just start your research.

[00:25:30] Well, Keith, thank you so much. I can't let you go without a surprise non-tax question and so I was trying to think what could I ask, it actually just came to me so, hopefully, this one works. So, you just joined the MTC about three months ago, I don't know if you were able to take any time off between positions but, if you did, did you get to do something fun or relaxing or have a little break? [00:26:00] And so, how this works is I'll let you think about that while I answer and I am really bad at this and I've never taken any time off

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between jobs which is totally ... Actually I did between COST and going to my prior firm but I took a bar exam so that wasn't a very good use of time. But hopefully you get to enjoy some of this time.

Keith Richardson: Well, great question. For me, going between jobs in March, I'm a [00:26:30] college basketball fanatic.

Nikki Dobay: Okay, love it.

Keith Richardson: So, for me and my son, we still went to the Big East tournament. I always go up there for a couple of days to watch college basketball, I think that's the best across the United States. So, that's what I did in the little break in between, see college basketball. And to one of your colleagues in the SALT world, thanks to David Bernardi, in springtime I teach a class at GW, finance and state and local governments. So, for me, [00:27:00] I don't need a break, I enjoy teaching the kids in the class. So, that's actually what I did or do but basketball was my thing and I was ready to roll up my sleeves and jump on board with MTC.

Nikki Dobay: Well, awesome. I'm glad you got to enjoy that and I wouldn't recommend taking a bar exam between jobs, don't anybody do it.

Keith Richardson: No.

Nikki Dobay: But thank you again, Keith, for being here and thank you for sharing so much about your background and vision [00:27:30] and the work of the MTC. Thank you to the listeners for joining us. Information about Keith and the MTC and myself will be in the show notes and I will be back with you in a few weeks on the next GeTtin' SALTy.